

20 AUG 1976

Mr. James M. Frey
Assistant Director for Legislative Reference
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Frey:

Enclosed is a proposed report to Chairman Brooks, House Committee on Government Operations, in response to a request for our recommendations on H.R. 14591, the "Regulatory Cost Impact Act of 1976."

Advice is requested as to whether there is any objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

SIGNED

George L. Cary
Legislative Counsel

Enclosure

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Honorable Jack Brooks, Chairman
Committee on Government Operations
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

This is in response to your request for the views of this Agency on H. R. 14591, the "Regulatory Cost Impact Act of 1976." Section 4 of H.R. 14591 would require that a Regulatory Cost/Benefit Assessment statement accompany Federal agency proposals for legislation and proposed regulations which may have a significant impact on costs to the public. Subsection (d) of section 4 provides:

"(d) The provisions of this section with respect to the preparation of draft and final Regulatory Cost/Benefit Assessments shall not be applicable to proposals for legislation or regulations (1) involving a military or foreign affairs function of the United States, or (2) relating to agency management or personnel."

Because foreign intelligence is both a military function and foreign affairs function, this provision would exempt the foreign intelligence activities of this Agency and other agencies of the U. S. Intelligence Community.


It is not clear, however, whether the exemption for military or foreign affairs functions which applies to Federal agencies under section 4 also extends to congressional committees under section 8. If not, Regulatory Cost/Benefit assessments to be prepared and published by congressional committees in connection with proposed legislation could result in the disclosure of sensitive intelligence activities. It is believed that extending the exemption for military and foreign affairs to congressional committees is appropriate and necessary. Therefore, the Central Intelligence Agency recommends that the exemption in section 4(d) be more clearly made applicable to assessments required under section 8.



The Office of Management and Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

George Bush
Director



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